Manitobans received $177M in carbon tax rebates

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Body

The federal government paid back all but $16.4 million to Manitoba residents and businesses that it had collected from the carbon tax in the first year it was in place.

Ottawa received $193.3 million in carbon taxes in Manitoba from April 1, 2019, to March 31, 2020. Through various tax rebates and climate change programs, $176.9 million was returned to Manitobans.

Environment and Climate Change Canada recently released a review of the tax in provinces and territories that refused to implement their own carbon tax.

The report said $157 million was returned directly to residents through climate action incentive payments. The $16.4 million that was outstanding was rolled into the current fiscal year.

Revenue from the carbon tax is generated from a fuel charge, collected through the Canada Revenue Agency, which reflects an increasing price on carbon that began at $20 per tonne of carbon dioxide equivalent in 2019 and will rise by $10 per tonne until it hits $50 per tonne in 2022. A separate tax scheme applies to industrial emissions.

Andrew Leach, an energy and environmental economist at the University of Alberta said Wednesday the people who expected definitive proof as to whether the policies were working, will be disappointed. It will take years of study to fully understand how carbon pricing affects emissions as well as household and business spending and incomes, he told the Free Press.

"There's so many moving parts to our economy and greenhouse gas emissions are tied to just about everything. So, that's why it takes so long to get good information," Leach said. As such, the first full review of the federal government's carbon tax is due in 2022, the report states.

Repayments varied in each province. For Manitoba residents, repayment in the first fiscal year consisted of $170 for a single adult (or the first adult in a couple), with the second adult receiving $85. Each child under the age of 18 was entitled to a $42 rebate. Rural residents are also eligible for a 10 per cent supplement.

Leach says there is a great deal of research that goes into laying the groundwork for such a program. He said it is not surprising that revenue didn't align exactly with payouts in the first year, but he expects the calculations are likely to be adjusted.

"As this annual report shows, all direct proceeds from pricing carbon pollution under the federal system are being returned to the jurisdiction in which they were collected. Returning proceeds from pricing carbon pollution helps with affordability, but it does not change the incentive to pollute less," wrote federal Environment Minister Jonathan Wilkinson in the introduction to the report.

The Manitoba School Board Association received $5 million for energy retrofit projects and $1.8 million was allocated to programs for small and medium-sized enterprises in the province through the Climate Action Incentive Fund. An additional $9.3 million remains available but all programs that receive funding must be approved by the federal government.

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